

AR50

100th annual statement • 1974



*"In today's seeds are
the fruits of tomorrow."
Chinese proverb*

*"In today's seeds are
the fruits of tomorrow."*

— Chinese proverb

The future.

Now more than ever, in our centennial year,
it intrigues us.

What does the future hold? In today's world of
ever-increasing change, who dares predict the
shape of tomorrow?

How can we best forge a link between the
lessons of the past and our aspirations for the
future? Can the solutions of 1874 really be
applied to the questions of 1974?

"The future", said Paul Valéry, "is the science
of history failing to repeat itself."

Thus, while we may ponder on what has gone
by, we do not dwell on it. For it is not so much
the events and experiences of the past that are
important, but the spirit and determination that
they engender.

Capturing the spirit that has coloured BCN's
history, and harnessing it into today's idealism,
is the reason for our reflections.

To use the knowledge of experience to unlock
the doors of the unpredictable.

To sow today the fruits that we and our children
will reap tomorrow.

With this sentiment in mind, BCN looks
confidently ahead in this, its centennial year.

Notice to the Shareholders

The Annual General Meeting of Shareholders
will be held on December 12, 1974, at eleven o'clock a.m.
at the Queen Elizabeth Hotel, Montréal.

Highlights

	1974	1973
Assets	\$4,125,868,252	\$3,302,830,667
Deposits	3,824,982,327	3,059,236,855
Loans	2,772,001,807	2,199,223,716
Balance of Revenue for the year	37,017,374	34,284,399
Balance of Revenue per share	5.29	4.90
Net Profits for the year	12,988,506	12,473,399
Earnings per share	1.86	1.78
Provisions for income taxes	14,665,172	11,875,936
Provision for income taxes as above, per share	2.10	1.70
Dividends	6,860,000	6,160,000
Dividends per share	0.98	0.88
Capital (per share \$2.00)	14,000,000	14,000,000
Rest account	88,000,000	82,000,000
Rest account, per share	12.57	11.71

As at October 31, 1974, the BCN had 8,990 shareholders, 6,759 employees, and had a total of 385 branches.

373

17

25

Ontario

Manitoba

Substantiated

385

22

363

Board of Directors

President and Chairman

* Louis Hébert, *Montréal*

Executive Vice-President and Chief General Manager

* Germain Perreault, *Montréal*

Vice-President

* Wilbrod Bherer, Q.C., <i>Québec</i>	Chairman, Canadian Vickers Ltd.
Michel Baribeau, <i>Lévis</i>	President and General Manager, Industries Baribeau Inc.
J. Jacques Beauchemin, Q.C., <i>Montréal</i>	President, Sullivan Mining Group Ltd.
Laurent Beaudoin, C.A., <i>Valcourt</i>	President and General Manager, Bombardier Ltd.
* André Charron, Q.C., <i>Montréal</i>	President, Lévesque, Beaubien Inc.
Jean Charton, Eng., <i>Montréal</i>	President, Herdt & Charton (1971) Inc.
* Georges O. Clermont, <i>Montréal</i>	Chairman, Clermont Motor Ltd.
* Étienne Crevier, <i>Montréal</i>	Chairman, The Provident Assurance Company
* Roger DeSerres, <i>Montréal</i>	President, Omer DeSerres Ltée
Marc H. Dhavernas, <i>Montréal</i>	President, Banque Canadienne Nationale (Europe)
J. Claude Hébert, <i>Montréal</i>	President, Warnock Hersey International Limited
Jacques Lagassé, LL.L., <i>Sherbrooke</i>	Lagassé, Lagassé & Lagassé, Notaries
Roger Larose, <i>Montréal</i>	Vice-Chairman of the Board, Ciba-Geigy Canada Limited
André Latreille, Eng., <i>Montréal</i>	President, Alta Construction (1964) Limited
Charles E. Marquis, Eng., <i>Québec</i>	Chairman, Beaudet, Marquis
J. Robert Ouimet, <i>Montréal</i>	President and General Manager, J. René Ouimet Enterprises Ltd. and Cordon Bleu Ltd.
Renault St. Laurent, Q.C., <i>Québec</i>	St. Laurent, Monast, Walters, Gagné & Vallières, Advocates
Robert M. Schmon, <i>Niagara-on-the-Lake</i>	President, The Ontario Paper Co. Ltd.
Alfred Tourigny, Q.C., <i>Montréal</i>	President, National Insurance Society

*Member of the Executive Committee

Executive Officers

President and Chairman

Louis Hébert

Executive Vice-President and Chief General Manager

Germain Perreault

Vice-Presidents and General Managers

Raoul Asselin

Jean Boulanger

Pierre Castonguay

Jacques Douville

Assistant General Managers

Jean Barrett

Raymond Bussi res

R. Valmore Delisle

Hubert Dunn

Cl ment M. Dupras

Martin Forest

Olivier Hudon

Lionel Laprade

Pascal Laquerre

Claude Lorange

Andr  J. Plagnol

Claude Racicot

Andr  Tremblay

G rard V zina

Handwritten signature: T.D. (Tremblay, D.)
Handwritten signature: Laprade
Handwritten signature: Lorange
Handwritten signature: Racicot
Handwritten signature: Tremblay
Handwritten signature: V zina

Statement of revenue, expenses and undivided profits

for the financial year ended October 31

1974

1973

Revenue

From loans	\$269,911,129	\$161,030,018
From securities	53,206,630	49,631,660
Other operating revenue	26,261,406	23,538,523
Total revenue	<u>349,379,165</u>	<u>234,200,201</u>

Expenses

Interest on deposits and bank debentures	219,463,874	126,221,017
Salaries, pension contributions and other staff benefits	55,364,255	45,458,651
Property expenses, including depreciation	13,607,114	11,268,316
Other operating expenses, including provision for losses on loans based on five-year average loss experience	23,926,548	16,967,818
Total expenses	<u>312,361,791</u>	<u>199,915,802</u>
Balance of revenue	37,017,374	34,284,399
Provision for income taxes relating thereto (Note 3)	18,760,000	16,871,000
Balance of revenue after provision for income taxes	18,257,374	17,413,399
Appropriation for losses	5,268,868	4,940,000
Balance of profits for the year	12,988,506	12,473,399
Dividends	6,860,000	6,160,000
	6,128,506	6,313,399
Undivided profits at beginning of year	428,084	114,685
	6,556,590	6,428,084
Transferred to rest account	6,000,000	6,000,000
Undivided profits at end of year	<u>\$ 556,590</u>	<u>\$ 428,084</u>

See Notes to the Financial Statements.

Ken Counsel

Statement of accumulated appropriations for losses

for the financial year ended October 31

1974

1973

Accumulated appropriations at beginning of year:

General	\$ 30,220,383	\$ 26,794,394
Tax-paid	6,163,145	6,387,404
Total	<u>36,383,528</u>	<u>33,181,798</u>

Additions (deductions) during year:

Appropriation from current year's operations	5,268,868	4,940,000
Loss experience on loans less provision included in other operating expenses	(2,068,894)	(2,448,259)
Profits and losses on securities, including provisions to reduce securities other than those of Canada and a province to values not exceeding market	(8,150,300)	(3,394,579)
Other profits, losses and non-recurring items, net	(3,456,695)	(890,496)
Provision for income taxes, including credit of \$4,168,096 (1973 — \$5,060,000) related to appropriation from current year's operations (Note 3)	4,094,828	4,995,064
	<u>(4,312,193)</u>	<u>3,201,730</u>

Accumulated appropriations at end of year:

General	29,280,178	30,220,383
Tax-paid	2,791,157	6,163,145
Total	<u>\$ 32,071,335</u>	<u>\$ 36,383,528</u>

See Notes to the Financial Statements.

Statement of rest account

for the financial year ended October 31

1974

1973

Balance at beginning of year	\$ 82,000,000	\$ 76,000,000
Transferred from undivided profits	6,000,000	6,000,000
Balance at end of year	<u>\$ 88,000,000</u>	<u>\$ 82,000,000</u>

Statement of assets and liabilities

as at October 31

1974

1973

ASSETS

Cash Resources

Cash and due from banks	\$ 380,867,725	\$ 254,798,632
Cheques and other items in transit, net	77,185,341	54,473,176
	<u>458,053,066</u>	<u>309,271,808</u>

Securities

Issued or guaranteed by Canada, at amortized value	450,901,187	395,926,128
Issued or guaranteed by provinces, at amortized value	76,904,828	92,508,437
Other securities, not exceeding market value	218,389,086	218,362,472
	<u>746,195,101</u>	<u>706,797,037</u>

Loans

Day, call and short loans to invest- ment dealers and brokers, secured	61,990,033	81,914,752
Other loans, including mortgages, less provision for losses	2,710,011,774	2,117,308,964
	<u>2,772,001,807</u>	<u>2,199,223,716</u>

Bank premises at cost, less depreciation	31,114,441	26,293,086
Securities of and loans to a corporation controlled by the Bank	3,111,500	3,214,500
Customers' liability under acceptances, guarantees and letters of credit, as per contra	113,307,906	56,148,604
Other assets	2,084,431	1,881,916
	<u>\$4,125,868,252</u>	<u>\$3,302,830,667</u>

See Notes to the Financial Statements.

24.9

1974

1973

LIABILITIES**Deposits**

By Canada	\$ 60,835,615	\$ 87,050,845
By provinces	10,624,998	14,273,769
By banks	482,241,480	331,356,992
Personal savings payable after notice, in Canada, in Canadian currency ..	1,721,877,944	1,306,459,984
Other deposits payable on demand and after notice	1,549,402,290	1,320,095,265
	<u>3,824,982,327</u>	<u>3,059,236,855</u>
Acceptances, guarantees and letters of credit	113,307,906	56,148,604
Other liabilities	7,950,094	9,633,597
Accumulated appropriations for losses ..	32,071,335	36,383,528
Debentures issued and outstanding (Note 2)	45,000,000	45,000,000

Shareholders' equity

Capital Stock		
Authorized: 12,500,000 shares of \$2.00 each		
Issued: 7,000,000 shares fully paid ..	14,000,000	14,000,000
Rest account	88,000,000	82,000,000
Undivided profits	556,590	428,083
	<u>\$4,125,868,252</u>	<u>\$3,302,830,667</u>

LOUIS HÉBERT

President

GERMAIN PERREAULTExecutive Vice-President and
Chief General Manager**Auditors' Report to the Shareholders**

We have examined the statement of assets and liabilities of Bank Canadian National as at October 31, 1974 and the statements of its revenue, expenses and undivided profits, accumulated appropriations for losses and rest account for the financial year ended on that date. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the Bank as at October 31, 1974 and its revenue, expenses, undivided profits, accumulated appropriations for losses and its rest account for the financial year ended on that date.

Auditors

JEAN LACROIX, C.A.
of Samson, Bélair, Côté, Lacroix
et Associés

FRANK T. DENIS, C.A.
of Peat, Marwick, Mitchell & Co.

Montréal, November 21, 1974.

Compagnie Immobilière BCN Ltée

Statement of Assets and Liabilities as at October 31

1974

1973

ASSETS

Cash in bank	\$ 1,374	\$ 1,153
Income taxes and interest to be recovered	30,020	39,752
Real estate and rights in an emphyteutic lease, less depreciation	3,373,671	3,420,029
	<u>\$3,405,065</u>	<u>\$3,460,934</u>

LIABILITIES

Loan from Bank Canadian National	\$1,112,000	\$1,215,000
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SHAREHOLDERS' EQUITY

Capital stock authorized and issued:

20,000 shares of \$100 each	2,000,000	2,000,000
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Undivided profits	293,065	245,934
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	<u>\$3,405,065</u>	<u>\$3,460,934</u>
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Notes (1) Bank Canadian National owns the entire capital stock of Compagnie Immobilière BCN Ltée, with the exception of the directors' qualifying shares. This investment is carried on the books of the Bank at \$1,999,500.

(2) The Company has been assessed for income taxes for the years 1966 to 1968 inclusively the basis of which is presently under appeal. In similar circumstances the company's appeal in respect of its 1964 assessment was upheld by a higher court.

Auditors' Report to the Shareholders of Bank Canadian National

We have examined the statement of assets and liabilities of Compagnie Immobilière BCN Ltée as at October 31, 1974. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances. In our opinion, this statement presents fairly the financial position of the company as at October 31, 1974.

Auditors

JEAN LACROIX, C.A., of Samson, Bélair, Côté, Lacroix et Associés
FRANK T. DENIS, C.A., of Peat, Marwick, Mitchell & Co.

Montréal, November 21, 1974.

Bank Canadian National Notes to the Financial Statements October 31, 1974

Note 1 — The Statement of Assets and Liabilities includes the assets and liabilities of Banque Canadienne Nationale (Europe). The results of operations of this wholly-owned subsidiary, including a provision of \$2,800,000 for litigious debts, have been charged to tax-paid appropriations for losses.

Note 2 — \$20,000,000 maturing March 1, 1992 — 7¼% up to and including February 28, 1978, and 7½% thereafter, redeemable on March 1, 1978, if the holder so elects, provided that this option is exercised between March 1, 1977, and September 1, 1977.

\$25,000,000 maturing December 15, 1987 — 7½% redeemable on June 15, 1979, if the holder so elects, provided that this option is exercised between June 15, 1978, and December 15, 1978.

Note 3 — The tax provision is included in the financial statements as follows:

	1974	1973
Statement of revenue and expenses	\$18,760,000	\$16,871,000
Statement of accumulated appropriations for losses:		
Related to tax deductible appropriations	(4,168,096)	(5,060,000)
Related to taxable capital gains	73,268	64,936
	<u>\$14,665,172</u>	<u>\$11,875,936</u>

